



September 30, 2008

Honorable Richard L. Holmes, Chairman
Board of Community Health
Senior Vice President – Metro Atlanta Region
Georgia Power Company
Mail Bin 10240
241 Ralph McGill Boulevard
Atlanta, GA 30308

Honorable Ben Harbin, Chairman
Appropriations Committee
State House of Representatives
245 State Capitol
Atlanta, GA 30334

Honorable Jack Hill, Chairman
Appropriations Committee
State Senate
234 State Capitol
Atlanta, GA 30334

Gentlemen:

As required by OCGA 45-18-102(k), the Department has compiled the following information about the Georgia Retiree Healthcare Fund (i.e., the “OPEB fund”) for FY 2008. As of September 30, 2008, the financial audit of the Department’s FY 2008 financial statements was not yet completed. As a result, revenue and expenditure information provided here should be considered unaudited but is the most recent information reasonably available. The Department does not expect audited statements to be available prior to November 30, 2008.

1. FY 2008 State Health Benefit Plan Balance Sheet, including the Georgia Retiree Healthcare Fund (i.e., the Fiduciary Fund)
2. FY 2008 State Health Benefit Plan (SHBP) Statement of Retiree Revenue and Expenditures by retiree type
3. FY 2008 Summary of Long-Term Investment Account Activity for OPEB Contributions earmarked for Future OPEB liability

The Honorable Richard Holmes
The Honorable Ben Harbin
The Honorable Jack Hill
FY 2008 OPEB Report to the General Assembly
September 30, 2008
Page 2

In summary, the Department:

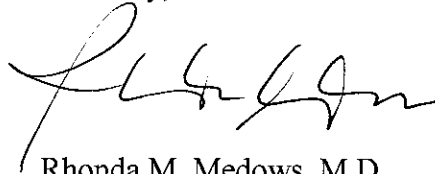
- Transferred \$424,308,112 in revenue from the Healthcare Benefit Fund to the OPEB Fund to reflect the employer share of revenue made available to support FY 2008 expenditures for current retirees.
- Transferred \$125,064,627 in FY 2008 premium revenue contributed by retirees participating in the SHPB.
- Segregated the June 30, 2007 Healthcare Fund Balance for OPEB purposes by using the percentage of the SHBP Incurred but Not Reported (IBNR) claims liability as of June 30, 2007 attributable to retirees and applying that same percentage to the Healthcare Fund Balance to identify the share of the Fund Balance to be moved into the OPEB Fund (\$57,290,182).
- Collected \$127,601,787 in contributions from state agencies earmarked for future OPEB liability. As of June 30, 2008, \$125,837,146 of those funds had been transferred to a dedicated OPEB account at the Division of Investment Services at the Employees Retiree System for long-term investment.

In conclusion, the OPEB Fund balance as of June 30, 2008 was \$177,983,718.35 of which \$176,213,906.58 was in long term investment.

I am also including for your review the June 30, 2007 Retiree Medical OPEB Valuation, which was recently completed and will be used for FY 2008 OPEB liability disclosures. I am happy to report the total Unfunded Actuarial Accrued Liability decreased by \$2.71 billion as compared to the June 30, 2006 valuation (from \$19.18 billion to \$16.47 billion). The majority of this reduction is attributable to lower claims experience, the availability of consumer directed health plan options for all members, and the introduction of Medicare Advantage plan options for retirees beginning in CY 2009.

Please do not hesitate to contact the department's Chief Financial Officer, Carie Summers, with any questions you may have. She may be reached at 404-657-4859 or csummers@dch.ga.gov.

Sincerely,



Rhonda M. Medows, M.D.

The Honorable Richard Holmes
The Honorable Ben Harbin
The Honorable Jack Hill
FY 2008 OPEB Report to the General Assembly
September 30, 2008
Page 3

Attachments (4)

cc: Tommy Hills, CFO, State of Georgia
Trey Childress, Director, Office of Planning and Budget
Carie Summers, CFO, Department of Community Health
Nancy Goldstein, Director, State Health Benefit Plan
Richard Robinson, Chairman, Audit Committee, Board of Community Health